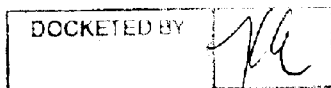


COMMISSIONERS
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OCT 13 2016

ARIZONA CORPORATION COMMISSION



October 12, 2016

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RE: Trico Electric Cooperative, Inc. Docket No. E-01461A-15-0363

Dear Chairman Little, Commissioners, and Other Interested Parties:

After reviewing the post-hearing briefs submitted by the parties in this case, I am deeply concerned that nearly all of them remain unconvinced of the Commission's commitment to honoring the investments of customers investing in rooftop solar prior to a final decision on an electric company's rates.

In Decision No. 75697, Unisource, Electric (UNSE) rate case, we provided "specific guidance in an effort to be helpful as we move forward through these issues."¹ Namely, we rejected UNSE's proposal to establish a grandfathering date prior to a Commission Order and clearly pronounced "that this result should be regarded as *our default policy*."² No legal enlightenment is needed to understand the obvious nexus between the repudiation of retroactive grandfathering dates for rooftop solar customers and "default policy." We did not unanimously adopt this change to the proposed Recommended Opinion and Order only for it to be ignored. Perhaps the Commissioners should have chorally said at the time we adopted the amendment, "Read my lips..."

But what did the parties do? They decided to drive a semi-truck through a perfunctory phrase that can be found in any garden variety Commission policy statement: "Although we recognize that each unique rate case may warrant different results..."³ Rather than provide significant evidence to support a deviation from the Commission's default policy, several parties left the heavy lifting to those 12 words.

The policies adopted by this Commission should not be underestimated, and if a party seeks a different outcome on grandfathering or other issues, then they must provide sufficient evidence to warrant such a departure. That did not happen in the Trico case.

On a different matter of the Trico case but no less important: the demand charge. I have great misgivings of applying mandatory demand charges to customers unless and until they feel confident in knowing what that rate looks and feels like through shadow billing and how they can adjust their electric consumption in an optimal manner with the latest energy efficiency technology.

¹ Commission Decision No. 75697, p. 119, lines 11-12.

² *Ibid*, lines 14-15, emphasis added

³ *Ibid*, line 15.

Let us not forget in the UNSE case that it was Commission Staff, on their own volition, who proposed mandatory demand charges for all customers. Every Commissioner, either in writing or verbally at an Open Meeting supported my position to completely remove mandatory demand charges from the UNSE rate design, yet mandatory demand charges scuttled out of the Trico settlement agreement.

I wonder how Staff would have continued to support a position soundly rejected by the Commission if settlement talks were held in a public forum with elected Commissioners at the table instead of behind closed doors.

I do not care if the demand charge is \$0, $\sqrt{-1}$, or even negative pricing. This settlement agreement prematurely opens the backdoor to mandatory demand charges and is certainly contrary to direction the Commission headed in its August decision.

The parties in the case should meaningfully reexamine Decision No. 75697 before proceeding further.

Sincerely,

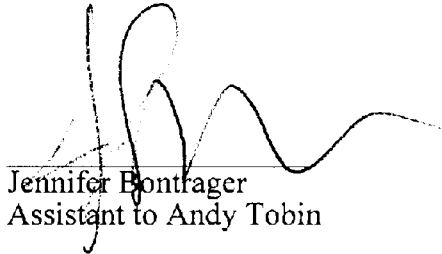
A handwritten signature in cursive script, appearing to read "Andy M. Tobin".

Andy Tobin
Commissioner

CERTIFICATION OF SERVICE

On this 13th day of October, 2016, the foregoing document was filed with Docket Control as a correspondence from Commissioner Andy Tobin, and copies of the foregoing were mailed on behalf of Commissioner Andy Tobin to the following who have not consented to email service. On this date or as soon as possible thereafter, the Commission's eDocket program will automatically email a link to the foregoing to the following who have consented to email service.

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